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C O N F I D E N T I A L SECTION 01 OF 04 PRAGUE 000758

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SUBJECT: CZECH PM TOPOLANEK REELECTED CIVIC DEMOCRATIC
PARTY CHAIRMAN, WHILE PRESIDENT KLAUS SEVERS TIES WITH THE
PARTY

REF: PRAGUE 737

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Classified By: DCM MARY THOMPSON-JONES FOR REASONS 1.4 (B) AND (D).

11. (C) SUMMARY: The December 5-7 Civic Democratic Party (ODS) congress reelected PM Mirek Topolanek as chairman, but with less than overwhelming support. Topolanek's victory was overshadowed by President Vaclav Klaus, the party's founder, who formally relinquished his title of ODS honorary chairman. While not completely unexpected, Klaus' decision to sever his ties with the party cast a shadow over the congress proceedings. With the exception of the election of David Vodrazka as the first deputy chairman, ODS delegates elected no new faces to the party's key leadership posts, thus signaling their preference for continuity in the government and party despite the sweeping October defeats in the regional and senate elections. The congress also adopted a strongly worded resolution calling for the speedy ratification of the missile defense (MD) agreements and recommending that the MD agreements be approved before the ratification of the Lisbon Treaty. A victory at the ODS congress was PM Topolanek's first necessary step toward stabilizing his position and that of his government following the October electoral debacle. He must now reach an agreement with the opposition on a political cease-fire during the EU presidency. Simultaneously, Topolanek will have to engineer a cabinet reshuffle and reach a deal on MD and the Lisbon Treaty within his coalition and possibly with the opposition. Many within ODS doubt whether this jam-packed "to-do" list will allow Topolanek to carry out the changes within his party required in order to prepare ODS for the 2009 European Parliament elections and the 2010 parliamentary elections. END SUMMARY.

PM TOPOLANEK EMERGES VICTORIOUS, BUT WITHOUT A STRONG MANDATE

12. (C) Even before the December 5-7 congress began it was clear that PM Topolanek's reelection as party chairman was almost assured. He had received nominations from nearly all regional party organizations, while his challenger, Prague mayor Pavel Bem had the support of only Prague's ODS. PM Topolanek delivered two speeches to the congress, both of which were candid and serious assessments of the party's -- and the government's -- failures over the past two years. He accepted full responsibility for these failures and, uncharacteristically for Topolanek, even apologized for them. He promised to learn from his mistakes and sought to portray himself as the leader who could keep ODS united in this difficult period. Bem's two speeches were described by many observers as decidedly not his best. They failed to generate

the kind of excitement that Bem would have needed to turn the pro-Topolanek tide.

13. (C) Consequently, the ODS congress reelected PM Topolanek, who won in the secret ballot 284 out of 486 valid votes, or 58 percent. Bem won the support of only 162 delegates (33 percent), the vast majority of which probably hailed from Bem's own Prague ODS organization and its close affiliate, the Central Bohemian ODS organization. While Topolanek's victory was described in some media as crushing, it was in fact much less convincing than his victories in 2004 and 2006, when he won 91.7 percent and 69.3 percent of the vote respectively. Consequently, Bem and his supporters immediately questioned whether Topolanek in fact received the "strong mandate" he claimed in his acceptance speech.

END OF THE KLAUS ERA

14. (C) Topolanek's victory, however, was not the only headline emerging from the ODS congress. President Klaus, who had founded ODS nearly 18 years ago, signaled a few days before the congress that he might choose not to accept the party's invitation. In the end, Klaus announced on December 4 that he would attend. His much anticipated speech to the congress lasted barely four minutes, and its terseness added to the drama of Klaus' announcement that he was giving up the post of the party's honorary chairman. Jiri Payne, one of Klaus' closest advisers, told us subsequently that Klaus asked for three different versions of the speech to be drafted for him. He chose the shortest and least conciliatory version. In his speech, Klaus stated that ODS was no longer the party he founded. Rather than a right-wing, civic party, ODS was in his view becoming "a

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party of the political center and a party of lobbyists' interests rather than of ideas."

15. (C) The lukewarm applause following his speech demonstrated better than anything else the prevailing view among the ODS delegates: that Klaus was guilty of ingratitude and deserting the party in probably its most challenging moment since the Sarajevo split in 1997/8 (ref A). Many delegates commented afterwards that his departure would help "clear the air" and free Topolanek to implement the changes necessary for the party to remain a viable alternative to the opposition Social Democrats (CSSD). Many also felt that Klaus' critique that ODS was becoming too centrist missed the target. Minister of Industry Martin Riman, whose right-wing credentials are unimpeachable, delivered a devastating analysis of Klaus' years as prime minister, which clearly showed that even Klaus failed to meet his own conservative standards. Similarly, analyses of the October elections demonstrated that ODS can win future elections only if it is positioned firmly in the center.

16. (C) Following his speech, Klaus refused to discuss his rumored support for the formation of a new right-wing, euro-skeptic party that would focus initially on the June 2009 elections to the European Parliament. In the past two weeks, the newspapers have been full of reports that Klaus would throw his clout behind one or more such parties, which could be affiliated with the Libertas movement of Ireland's Declan Ganley. In front of the microphones, however, Klaus refused to comment, noting only that such a discussion was not "currently relevant" and that he, as president, "would not be founding a political party." It is indeed true that Klaus had promised to stay above politics following his reelection in February 2008. However, if the past 18 years serve as a guide, it is not Klaus' nature to withdraw from politics and control.

ONE NEW FACE AMIDST THE STATUS-QUO

17. (C) The elections of the party's deputy chairmen provided some excitement in that they at least appeared to be a real contest. The victory of David Vodrazka, a young (37) and relatively unknown mayor of Prague 13, in the closely watched contest for the first (principal) deputy chairman was termed a surprise by many observers. Topolanek played a decisive role in his election, calling on delegates to support Vodrazka over Minister of Interior Ivan Langer. One could not, however, shake the feeling that the Vodrazka-Langer contest was a carefully staged -- and predetermined in advance -- show to send a signal that ODS leadership was indeed capable of change. There is no doubt that Langer was the better, more capable candidate. He is an excellent speaker, manager, and a master of political intrigue. However, there were several factors working against a Langer victory. Although the delegates reelected Topolanek, it was clear that some change in the leadership was necessary. ODS Senator Tomas Jirsa, one of the delegates, told us that it would have been disastrous for the party's public image if the top two ODS posts remained in the hands of "two old ODS matadors" who were at least in part responsible for the October electoral disaster.

18. (C) With Vodrazka's election, Topolanek was also able to placate the Prague wing of ODS, which is the largest -- and probably the richest -- regional organization within the party. Bem's loss in the chairman contest and departure from the post of first deputy chairman would have meant that Prague would lose its preeminent status within ODS. That would not bode well for the party's unity, Topolanek's stated number one goal. Another factor working against Langer's candidacy was the seemingly inconsequential fact that he is from Olomouc, a city in Moravia. However, since Topolanek is also from Moravia, the Prague ODS faction was dead-set against the party's most important jobs being held by two Moravians. Again, for the sake of party unity, Langer had to withdraw, which he did. He was promptly elected as one of the four deputy chairmen. The other three deputy chairman posts were claimed by DPM and Minister of Labor Petr Necas, Minister of Agriculture Petr Gandalovic, and former governor of Central Bohemia Petr Bendl. Like Langer, all three were already deputy chairmen prior to the December 5-7 congress.

MISSILE DEFENSE AND THE LISBON TREATY

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19. (C) The MD radar and the Lisbon Treaty were the key foreign policy issues before the congress. The party's position on MD has always been one of strong support, but the question was what if anything the party's leaders would say on the subject. Nearly all speakers expressed their support for MD and called for the MD agreements' speedy ratification. The final resolution of the congress reflected the importance of this foreign policy priority to the party: "The ODS congress requests of ODS representatives that all legitimate means be used for successful ratification as early as possible of the agreements pertaining to the stationing of the U.S. radar on the territory of the Czech Republic."

110. (C) The final resolution also includes text that seeks to link the ratification of the MD agreements with the ratification of the Lisbon Treaty: "The ODS congress leaves the decision regarding the ratification of the Lisbon Treaty under the purview of the parliamentary and senate club of the ODS. At the same time (the ODS congress) strongly recommends priority ratification of the international agreements regarding U.S. missile defense." This formulation is critical in that it strengthens, rather than ties, Topolanek's hands. Initially, the party's die-hard euro-skeptics and anti-Lisbon activists proposed that the ODS congress bind its MPs and senators to vote against the Lisbon

Treaty. With such a resolution, Topolanek would have been unable to negotiate the Lisbon for MD swap that everyone now believes will be necessary in order to ratify both. The resolution, as adopted, should help Topolanek in the negotiations with his coalition partners and the opposition, both of whom are pressing for an early adoption of the Lisbon Treaty.

¶11. (C) The timing of the votes on Lisbon and MD remains unclear. The opposition CSSD has tried to force Topolanek's hand by scheduling in the Lower Chamber a special session on the Lisbon Treaty for December 9. The Deputy Chairman of the Foreign Affairs Committee, Tomas Dub (ODS), told us that ODS MPs had successfully managed to defer consideration of the Lisbon Treaty in both the Foreign Affairs and Constitutional Committees last week. Nevertheless, even without the committees' action and recommendation, the Lower Chamber could take up the Lisbon Treaty's second -- and final -- reading. To prevent the Lisbon Treaty from moving forward without concurrent progress on the MD agreements, Dub told us that his party would try to prevent the adoption of the program for the December 9 session, which would essentially cancel the session. We have now heard from several Czech interlocutors that both MD and Lisbon would be held until the February session of the Lower Chamber. (Note: At present, there is no January session scheduled. End Note.) However, much will depend on the results of Topolanek's negotiations with his coalition and with the opposition. DPM Vondra told us that Topolanek is scheduled to meet with opposition leader Jiri Paroubek (CSSD) on December 8. (Note: Ambassador Graber is scheduled to meet with Paroubek in the morning of December 9, and we will report on this meeting in our Prague daily. End Note.)

MORE BATTLES AHEAD FOR TOPOLANEK

¶12. (C) With the ODS congress safely behind him, Topolanek can now turn his attention to all the matters he has had to put on hold, including a cabinet reshuffle, cease-fire agreement with the opposition, and passage of key pieces of legislation such as the budget and the foreign deployments bill. The ODS congress gave some clues about who would likely survive the cabinet reshuffle. The ministerial seats of Langer, Gandalovic, and Necas, the three old-new deputy chairmen, are probably safe. Bendl has been rumored to be in line for a new deputy prime minister for economics post, and his retention as deputy ODS chairman seems to support these rumors. Commentaries have already appeared in the press predicting that the cabinet changes will be merely cosmetic and will affect little known and unimportant ministers. (Comment: These predictions are probably correct. Despite his success at the ODS congress, Topolanek remains weakened and in charge of an equally weak and divided three-party coalition. Pushing through more than marginal changes may be impossible for Topolanek at this point. End Comment.)

¶13. (C) Topolanek will also have a hard time in his negotiations with Paroubek. Paroubek has worked very systematically to ensure that he holds as many bargaining

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chips as possible when he sits down with Topolanek. For example, one CSSD member of the Defense Committee told us that Paroubek held up an agreement on the country's 2009 foreign deployments, which had been worked out in the Defense Committee between the government and opposition, because he saw this issue as one of those bargaining chips. Paroubek is clearly in a much stronger position than Topolanek, but it is likely that the two will forge some sort of a political compromise in the coming days, if for no other reason than Paroubek's ego and desire to play a greater role during the EU presidency. (Note: In the event that Topolanek and Paroubek reach an agreement, it is likely that Paroubek will take over as chairman of the Lower Chamber, a position that

would accord him greater visibility during the EU presidency.

End Note.) Strategically, speaking, it is also not in Paroubek's best interest to bring down Topolánek's government now, when he would have to deal with the consequences of an approaching economic downturn.

COMMENT

¶14. (C) The ODS congress was a glitzy affair, but the mood of the participants was decidedly downcast. The October election defeat is generally being taken as a sign of defeats yet to come -- in the 2009 European Parliament elections and the 2010 parliamentary elections. The party delegates seemed almost resigned to their fate, electing the same leaders, with the notable exception of Vondraček. We heard from many delegates that they did not really expect a course correction from Topolánek. Bem's comment after his defeat aptly described the congress' personnel decisions: "The congress decided for a non-change." Change, however, is exactly what the party needs. Klaus' speech to the congress may have been short, but it was on the mark with its critique of the party as one built on lobbyists' interests, rather than ideas. Topolánek will be distracted with the EU presidency and with the day-to-day tasks of governing, which in the current situation of uncertain majorities in the parliament has become extremely complex. He is therefore unlikely to bring the fresh ideas and energy which the party desperately needs.

He is also unlikely to sever the party's ties to and dependence on deep-pocketed lobbyists, many of whom were invited as "guests" to the party congress. As a result, the public perception of the party, which mirrors Klaus' assessment, is unlikely to change. ODS may be doomed to repeat in 2010 what occurred in the 2006 election: the opposition did not win because of its brilliant ideas or program; it won because of the ruling party's lackluster performance, corruption, and inept leadership.

Graber